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**DAN SULLIVAN**  
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**MIKE TOBIA**  
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Greater Boston Food Bank

## President

**CHRISTOPHER FLYNN**

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September 10, 2007

Mary L. Cottrell  
Secretary  
Department of Public Utilities  
One South Station – 2<sup>nd</sup> Floor  
Boston, MA 02110

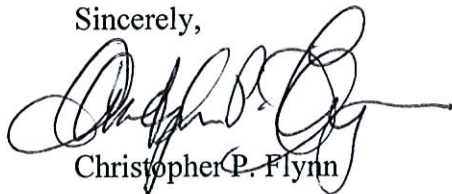
RE: D.P.U. 07-50 – Investigation by the Department of Public Utilities (DPU) on its own Motion into Rate Structures that will Promote Efficient Deployment of Demand Responses

Dear Secretary Cottrell:

Enclosed for filing on behalf of the Massachusetts Food Association (MFA) are comments concerning the above referenced proceeding.

Please contact me if you have any questions.

Sincerely,



Christopher P. Flynn



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## Commonwealth of Massachusetts Department of Public Utilities

### Investigation by the Department of Public Utilities ) Into Rate Structures that will promote efficient ) Deployment of Demand Resources )

**D.P.U. 07-50**

## Introduction

The Massachusetts Food Association (MFA) submits the following comments in response to the Department's request for comments in the above referenced investigation.

The Massachusetts Food Association is a trade association that represents the entire grocery and supermarket industry on all relevant legislative and regulatory issues affecting the retail and non-retail segments of the food industry of the Commonwealth. Electricity is essential for our members operations, as well as utility services and system reliability.

## Executive Summary

As discussed below, MFA believes that revenue decoupling will not address the high cost of electricity in Massachusetts. Our members believe there are other more thoughtful and comprehensive ways to address utility revenues, as well as the Department's goal of promoting efficient deployment of demand resources.

## Comments

MFA is compelled to respond to the invitation for comment in the above referenced proceeding on behalf of its members for several reasons: the first and overwhelming reason is the high cost of electricity in Massachusetts and the impact this cost has upon our members operations, particularly the retail and manufacturing operations of our membership. Any high cost electricity and service problems they experience have an enormous economic impact for our members in the Commonwealth.

From our members perspective, the idea of providing guaranteed revenue as contemplated by "decoupling" is not an efficient and equitable approach to generate savings, regardless of the underlying rationale proposed in the order. Such a

HONORARY DIRECTOR  
**CATHERINE D'AMATO**  
Greater Boston Food Bank

\*Ex-Officio



significant departure from traditional rate design and rate making is both unnecessary and counterproductive. Multi-state members of ours who operate in both Massachusetts and the state of Maine, where this approach was implemented, have commented that Maine decoupling did not result in achieving or maintaining lower electrical costs for their operations. This is why decoupling was abandoned in Maine.

MFA members work very hard to develop and maintain energy efficient properties. They do so to keep their electrical overhead costs as low as possible with the expectation of satisfying their customers and saving money. Decoupling revenue for utilities means that some of those savings will in effect disappear, reallocated to the guaranteed revenue stream of the serving utility and paid for by consumers. Nothing will discourage innovative action more than a reduction in cost saving expectations for energy efficiency programs. Decoupling is counterproductive in this sense.

Our members believe that utilities should be compensated for their just and reasonable costs with a fair return. But the concept of decoupling sidesteps the traditional rate making process and substitutes a short hand review for more comprehensive and effective rate case proceedings. One may assume that the utilities have reduced revenues as a result of public and private energy conservation efforts. However, that potential situation doesn't legitimize an automatic revenue stream from consumers as a way to encourage more efficiency. In fact, one could conclude the opposite; that utilities should present their revenue case(s) to the Department for the traditional rate proceeding system, where all costs, all income, and all operating efficiencies are considered together, along with an appropriate return on equity.

This traditional balanced approach makes the rate making process transparent and reveals the underlying revenue issues for utilities. It is the best approach. It is also a process where customers feel that they are getting a fair and justified rate. Decoupling erodes this confidence and may eliminate any incentive to further seek conservative measures.

Energy generally, and specifically electricity, is presently undergoing significant examination in a number of forums, as the Department's investigation illustrates. Members of MFA who are large consumers of energy are continuously focusing on efficiency and demand reductions to reduce their costs while increasing efficiency of their operations. They have committed resources to these changes through more efficient refrigeration, lighting and distribution systems, and continuously strive to become more "green" and reduce their costs. Like all MFA members who are providers of goods and services, utilities should continuously strive to do the same, rather than receive a guaranteed revenue stream regardless of the reasons for why revenues may have fallen.

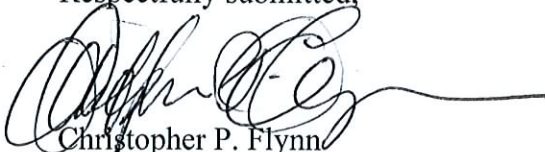
We believe there are several ways that electricity conservation and demand response can be accomplished. Enhancing utility based efficiency programs and making them more flexible and cost effective, and increasing incentives for market based programs utilizing third party providers with or without utility participation are two suggestions among many that can be put forward. These approaches and others should be examined in a larger discussion rather than seeking a quick fix in establishing decoupling. MFA and its members would appreciate the

opportunity to be part of such a comprehensive discussion. Until that opportunity presents itself, the Department should focus resources on examining rate design and on rate cases that deliver adequate returns to the utilities commensurate with their obligations to deliver electricity, to support system reliability, and to provide customer service.

I thank you for the opportunity to submit these comments. MFA will continue to monitor these proceedings in this investigation and will submit additional comments on behalf of its members if deemed appropriate.

Thank you for your attention to this matter.

Respectfully submitted,



Christopher P. Flynn  
President